



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CASEY COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CASEY COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

The Auditor of Public Accounts has completed the Casey County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

General Fund Type balances increased by \$9,333 and Special Revenue Fund Type balances decreased by \$42,257 from the prior fiscal year. Two new capital projects funds were established during fiscal year ended June 30, 2001 for the purposes of land acquisition for the new Justice Center and construction costs of the new Detention Center. The Capital Projects Fund Type balances were \$4,756,039 since neither of these projects was completed as of June 30, 2001.

#### **Debt Obligations:**

During fiscal year ended June 30, 2001, the Casey County Public Properties Corporation issued \$1,000,000 of First Mortgage Revenue Bond Anticipation Notes in order to pay land acquisition costs and design fees for the new Casey County Justice Center. These notes are to be paid off from the proceeds of \$6,735,000 First Mortgage Revenue Bonds subsequently issued in fiscal year ending June 30, 2002 for the construction costs of the new Casey County Justice Center. Pursuant to a lease agreement between the Casey County Public Properties Corporation, Casey County, and the state Administrative Office of the Courts (AOC), AOC is to pay an agreed rental amount through use allowances, which is anticipated to be adequate to pay 100% of the net debt service on the notes and bonds.

During fiscal year ended June 30, 2001, Casey County entered into a 22-year capital lease agreement with Kentucky Area Development District (KADD) Financing Trust for construction costs of the new Casey County Detention Center. The capital lease principal agreement totaled \$4,890,000 as of June 30, 2001. Future principal and interest payments (including program fees) of \$8,325,064 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Casey County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Casey County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Casey County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Casey County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flannery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Ronald D. Wright, Casey County Judge/Executive  
Members of the Casey County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2002 on our consideration of Casey County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Casey County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 13, 2002



CASEY COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

**Fiscal Court Members:**

Ronald D. Wright	County Judge/Executive
Jeffrey Thomas	Magistrate
Gary Johnson	Magistrate
Herbert "Creech" Carman	Magistrate
Tony Buis	Magistrate

**Other Elected Officials:**

Thomas M. Weddle	County Attorney
Thomas Miller	Jailer
Eva S. Miller	County Clerk
Craig Overstreet	Circuit Court Clerk
Robert M. Weddle	Sheriff
Johnnie Beard, Jr.	Property Valuation Administrator
Thomas Clark	Coroner

**Appointed Personnel:**

Tony M. Price	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CASEY COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$ 328,164	
------	------------	--

Road and Bridge Fund:

Cash	6,706	
------	-------	--

Jail Fund:

Cash	4,318	
------	-------	--

Local Government Economic Assistance Fund:

Cash	27,176	
------	--------	--

Juvenile Justice Center Fund:

Cash	391,443	
------	---------	--

Payroll Revolving Account - Cash

	12,264	\$ 770,071
--	--------	------------

Special Revenue Fund Type

911 Fund:

Cash		27,138
------	--	--------

Capital Projects Fund Type

Public Properties Corporation Bond Anticipation

Notes, Series 2001, Fund:

Cash	\$ 192,530	
------	------------	--

Kentucky Area Development District (KADD) Financing Trust/

Casey County Jail Construction Account:

Cash	4,563,509	4,756,039
------	-----------	-----------

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2001  
 (Continued)

Assets and Other Resources (Continued)

Other Resources

Capital Projects Fund Type

Public Properties Corporation Bond Anticipation

Notes, Series 2001, Fund:

Amounts to be Provided in Future Years for Note Payments

From Administrative Office of the Courts and Fiscal Court \$ 979,145

KADD Financing Trust/Casey County

Jail Construction Account:

Amounts to be Provided in Future Years for Kentucky Area

Development District Financing Trust Lease Agreement 4,890,000 \$ 5,869,145

Total Assets and Other Resources

\$ 11,422,393

Liabilities and Fund Balances

Liabilities

General Fund Types

Payroll Revolving Account

\$ 12,264

Capital Projects Fund Types

Public Properties Corporation Bond Anticipation

Notes, Series 2001, Fund:

Notes Not Matured (Note 4)

\$ 1,000,000

KADD Financing Trust/Casey County

Jail Construction Account:

Kentucky Area Development District

Financing Trust Lease Agreement (Note 5) 4,890,000 5,890,000

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2001  
 (Continued)

Fund Balances

Reserved:

Special Revenue Fund Type

911 Fund		\$	27,138
----------	--	----	--------

Capital Projects Fund Type

Public Properties Corporation Bond Anticipation  
 Notes, Series 2001 Fund

\$	171,675
----	---------

KADD Financing Trust/Casey County  
 Jail Construction Account

<u>4,563,509</u>	4,735,184
------------------	-----------

Unreserved:

General Fund Type

General Fund

\$	328,164
----	---------

Road and Bridge Fund

6,706
-------

Jail Fund

4,318
-------

Local Government Economic Assistance Fund

27,176
--------

Juvenile Justice Center Fund

<u>391,443</u>	<u>757,807</u>
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Total Liabilities and Fund Balances

<u><u>\$ 11,422,393</u></u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CASEY COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,347,923	\$ 1,468,913	\$ 1,071,524	\$ 53,779
Transfers In	2,053,820	811,080	85,000	207,500
Bond Anticipation Notes Proceeds	1,000,000			
Kentucky Advance Revenue Program	1,197,100	1,030,100	167,000	
Capital Lease Proceeds	4,890,000			
Total Cash Receipts	<u>\$ 12,488,843</u>	<u>\$ 3,310,093</u>	<u>\$ 1,323,524</u>	<u>\$ 261,279</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,102,933	\$ 1,921,261	\$ 1,231,476	\$ 257,349
Schedule of Public Properties Corporation Bond Anticipation Notes, Series 2001, Fund Expenditures	50,743			
Schedule of KADD Financing Trust/ Casey County Jail Construction Account Expenditures	361,412			
Transfers Out	2,053,820	292,500	20,000	
Kentucky Advance Revenue Program Repaid	1,197,100	1,030,100	167,000	
Total Cash Disbursements	<u>\$ 7,766,008</u>	<u>\$ 3,243,861</u>	<u>\$ 1,418,476</u>	<u>\$ 257,349</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 4,722,835	\$ 66,232	\$ (94,952)	\$ 3,930
Cash Balance - July 1, 2000	818,149	261,932	101,658	388
Cash Balance - June 30, 2001	<u>\$ 5,540,984</u>	<u>\$ 328,164</u>	<u>\$ 6,706</u>	<u>\$ 4,318</u>

The accompanying notes are an integral part of the financial statements.



CASEY COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 2001  
(Continued)

General Fund Types		Special Revenue Fund Type		
Local Government Economic Assistance Fund	Juvenile Justice Center Fund	Jail Construction Grant Fund	911 Fund	Federal Grant Fund
\$ 11,228	\$ 27,615 475,120	\$ 500,785 475,120	\$ 126,898	\$ 48,987
\$ 11,228	\$ 502,735	\$ 975,905	\$ 126,898	\$ 48,987
\$ 5,000	\$	\$ 500,785	\$ 161,667	\$ 25,395
	475,120	475,120		31,080
\$ 5,000	\$ 475,120	\$ 975,905	\$ 161,667	\$ 56,475
\$ 6,228 20,948	\$ 27,615 363,828	\$	\$ (34,769) 61,907	\$ (7,488) 7,488
\$ 27,176	\$ 391,443	\$ 0	\$ 27,138	\$ 0

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2001  
 (Continued)

	Capital Projects Fund Types	
	Public Properties Corporation Bond Anticipation Notes, Series 2001 Fund	KADD Financing Trust/Casey County Jail Construction Account
<u>Cash Receipts</u>		
Schedule of Operating Revenue	\$ 3,273	\$ 34,921
Transfers In		
Bond Anticipation Notes Proceeds	1,000,000	
Kentucky Advance Revenue Program		
Capital Lease Proceeds		4,890,000
Total Cash Receipts	<u>\$ 1,003,273</u>	<u>\$ 4,924,921</u>
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$
Schedule of Public Properties Corporation Bond Anticipation Notes Series 2001, Fund Expenditures	50,743	
Schedule of KADD Financing Trust/ Casey County Jail Construction Account Expenditures		361,412
Transfers Out	760,000	
Kentucky Advance Revenue Program Repaid		
Total Cash Disbursements	<u>\$ 810,743</u>	<u>\$ 361,412</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 192,530	\$ 4,563,509
Cash Balance - July 1, 2000		
Cash Balance - June 30, 2001	<u>\$ 192,530</u>	<u>\$ 4,563,509</u>

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Casey County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Casey County Public Properties Corporation which includes the Bond Anticipation Notes, Series 2001, Fund, and Kentucky Area Development District (KADD) Financing Trust/Casey County Jail Construction Account as part of the reporting entity.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide funds to finance the construction of a Justice Center and to service long-term debt for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as a component unit, and the Corporation's financial activity will be blended with that of the Fiscal Court.

The KADD Financing Trust/Casey County Jail Construction Account is established for the Fiscal Court for the purpose of providing long-term financing for an approved project. A third party trustee maintains the Jail Construction Account on the Fiscal Court's behalf; therefore, management must include the Jail Construction Account as a part of the reporting entity and their financial activity will be blended with that of the Fiscal Court.

Additional - Casey County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Casey County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Casey County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Casey County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and Juvenile Justice Center Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Jail Construction Grant Fund, 911 Fund, and Federal Grant Fund of the Fiscal Court are reported as Special Revenue Fund Types.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Properties Corporation Bond Anticipation Notes, Series 2001, Fund and the KADD Financing Trust/Casey County Jail Construction Account of the Fiscal Court are reported as Capital Projects Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Casey County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Bond Anticipation Notes, Series 2001, Fund and KADD Financing Trust/Casey County Jail Construction Account. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the East Casey County Water District is considered a related organization of Casey County Fiscal Court.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Short-Term Debt

Liability of the Casey County Public Properties Corporation Bond Anticipation Notes, Series 2001, Fund is:

\$1,000,000 in First Mortgage Revenue Bond Anticipation Notes, Series 2001, dated March 29, 2001, to be used to pay the land acquisition costs and design fees for the new Casey County Justice Center. Said notes to mature on March 1, 2002, bearing an interest rate of 5.00 percent with principal and interest to be paid from the proceeds of \$6,735,000 Casey County Public Properties Corporation First Mortgage Revenue Bonds, Series 2002, dated February 1, 2002. The initial aggregate offering price of the notes at which bona fide offers of sale were made to the public was 99.5% of the par value; therefore, the Public Properties Corporation received \$995,000 from the proceeds of the sale of the bond anticipation notes.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 5. Capital Lease Agreement

On March 29, 2001, the Casey County Fiscal Court entered into a 22-year leasing agreement with the KADD Financing Trust for construction costs of a new detention facility. Principal payments are due annually by November 20.

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest</u>	<u>Program Fees</u>	<u>Principal Payment</u>
2002	\$ 237,043	\$ 5,300	\$
2003	237,043	5,300	
2004	233,842	5,300	160,000
2005	227,342	5,300	165,000
2006	220,558	5,300	170,000
2007 - 2022	<u>2,167,936</u>	<u>84,800</u>	<u>4,395,000</u>
Total Principal Outstanding June 30, 2001			<u>\$ 4,890,000</u>

Note 6. Related Party Transactions

Based on the County Treasurer's Annual Settlement for fiscal year ended June 30, 2002, the fiscal court paid a total of \$23,200 to Wright's Implement for various road maintenance supplies. Wright's Implement is owned by the County Judge/Executive's sister and sister-in-law. The county's code of ethics states "no county officer, county employee, or immediate family member of the officer or employee, shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the County Judge/Executive is not in violation of the county's code of ethics. Furthermore, the County Judge/Executive removed himself from fiscal court meetings that involved Wright's Implement transactions. On February 21, 2000, the Casey County Board of Ethics confirmed there was no violation of the code.

Note 7. Subsequent Events

The Casey County Public Properties Corporation, at the direction of the County, authorized its Casey County Public Properties Corporation First Mortgage Revenue Bonds, Series 2002, dated February 1, 2002, in the principal amount of \$6,735,000 in order to finance the costs of the new justice center.

The Casey County Public Properties Corporation, Casey County, and the Administrative Office of the Courts (AOC) entered into a lease agreement, dated March 1, 2001, and a lease addendum dated February 1, 2002, wherein the AOC will lease from the Corporation the new justice center at an agreed rental which is anticipated to be adequate to pay 100% of the net debt service on the bonds.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 8. Insurance

For the fiscal year ended June 30, 2001, Casey County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Jail Canteen Fund

During the fiscal year ended June 30, 2001, there was no activity in the Casey County Jail Canteen Fund as the Casey County Jail had been closed since May 1997. On June 30, 2000 and June 30, 2001, the Casey County Jail Canteen Fund had an ending balance of \$1,347.



COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



CASEY COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,602,981	\$ 1,468,913	\$ (134,068)
Road and Bridge Fund	1,100,164	1,071,524	(28,640)
Jail Fund	54,604	53,779	(825)
Local Government Economic Assistance Fund	5,662	11,228	5,566
Juvenile Justice Center Fund	5,500	27,615	22,115
<u>Special Revenue Fund Type</u>			
911 Fund	168,500	126,898	(41,602)
Federal Grant Fund	398,432	48,987	(349,445)
Jail Construction Grant Fund	500,000	500,785	785
Totals	<u>\$ 3,835,843</u>	<u>\$ 3,309,729</u>	<u>\$ (526,114)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 3,835,843	
Add: Budgeted Prior Year Surplus		799,750	
Add: Other Financing Sources		<u>950,000</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 5,585,593</u>	

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SCHEDULE OF OPERATING REVENUE



CASEY COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type
<b>REVENUE:</b>				
Taxes	\$ 788,808	\$ 663,496	\$ 125,312	\$
Excess Fees	71,781	71,781		
License and Permits	17,835	17,835		
Intergovernmental Revenues	2,263,662	1,714,718	548,944	
Charges for Services	6,598	6,598		
Miscellaneous Revenues	71,935	71,915	20	
Interest Earned	127,304	86,716	2,394	38,194
Total Operating Revenue	<u>\$ 3,347,923</u>	<u>\$ 2,633,059</u>	<u>\$ 676,670</u>	<u>\$ 38,194</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



CASEY COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 610,157	\$ 538,553	\$ 71,604
Protection to Persons and Property	1,165,342	420,873	744,469
General Health and Sanitation	133,407	119,813	13,594
Social Services	78,986	63,800	15,186
Recreation and Culture	10,000	10,000	
Roads	1,188,423	1,176,818	11,605
Debt Service	3,509	26,928	(23,419)
Capital Projects	956,614	762,158	194,456
Administration	328,511	296,143	32,368
Total Operating Budget - All General Fund Types	\$ 4,474,949	\$ 3,415,086	\$ 1,059,863
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue Program - Principal	1,197,180	1,197,100	80
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 5,672,129</u>	<u>\$ 4,612,186</u>	<u>\$ 1,059,943</u>

CASEY COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 2001  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 5,165	\$ 5,165	\$
Protection to Persons and Property	736,595	668,438	68,157
Capital Projects	344,884		344,884
Administration	24,000	14,244	9,756
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 1,110,644</u>	<u>\$ 687,847</u>	<u>\$ 422,797</u>

SCHEDULE OF PUBLIC PROPERTIES CORPORATION  
BOND ANTICIPATION NOTES, SERIES 2001, FUND EXPENDITURES



CASEY COUNTY  
SCHEDULE OF PUBLIC PROPERTIES CORPORATION  
BOND ANTICIPATION NOTES, SERIES 2001, FUND EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Items

Architect fees	\$ 29,993
Financial Advisory Fee	10,000
Bond Counsel Fee	5,000
Acceptance Fee	750
Underwriter's Discount	<u>5,000</u>
Total	<u><u>\$ 50,743</u></u>

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SCHEDULE OF KADD FINANCING TRUST/CASEY  
COUNTY JAIL CONSTRUCTION ACCOUNT EXPENDITURES



CASEY COUNTY  
KADD SCHEDULE OF FINANCING TRUST/CASEY COUNTY  
JAIL CONSTRUCTION ACCOUNT EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Items

Construction Depository Fees	\$ 500
Trustee Fees	2,650
Construction Expenses	272,438
KADD Financing Trust - Interest	40,824
Cost of Issuance Fees	45,000
	<hr/>
Total	<u><u>\$ 361,412</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flannery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Members of the Casey County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Casey County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated March 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Casey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Casey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 13, 2002



CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CASEY COUNTY FISCAL COURT

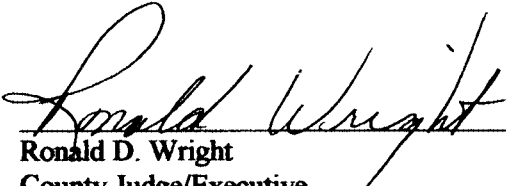
Fiscal Year Ended June 30, 2001




**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**CASEY COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

The Casey County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Ronald D. Wright  
County Judge/Executive

  
\_\_\_\_\_  
Tony M. Price  
County Treasurer